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Co-operator

No 2, September/October 1984

VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

P.O. BOX 21 CARLTON SOUTH 3053 VICTORIA. TEL (03) 419 9877



**GLASSGLOW.
FUTURE OF CDP.**

Registered by Australia Post, Publication No. VBG 6674

The Ministerial Advisory Committee on Co-operation

MINISTERIAL ADVISORY COMMITTEE ON CO-OPERATION

The Ministerial Advisory Committee on Co-operation is reviewing the Co-operation Act and mechanisms for the development of co-operation in Victoria.

Submissions to the Committee should be forwarded by
October 31, 1984

MACC has already issued an information paper:
'The Development of the Co-operative Movement in Victoria'.
Copies of the paper are available from the Legal and Registry Division
Ministry of Housing - telephone (03) 669 1718

Staff of the Legal and Registry Division, Ministry of Housing
are available to meet with individuals and groups on request.

The Report: 'Worker Co-operatives in NSW and Victoria: A Policy Review'
by the TransNational Co-operative Ltd and Labour Resource Centre
is being considered by MACC. Copies of this report are available from the
Co-operative Development Program Unit,
Ministry of Employment and Training - Telephone (03) 658 6444.

For further information contact: Ms Maureen Hopper, Secretary,
Ministerial Advisory Committee in Co-operation, c/- Ministry of Housing,
21st Floor, 250 Elizabeth Street, Melbourne, 3000
Telephone (03) 669 1718 or 669 1765

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Cover photo by Brendan Hennessey

The Co-operator

VICTORIA'S JOURNAL OF COOPERATIVE AFFAIRS

The Co-operator is published every month by Gay Publications Co-operative Limited, 87 King William Street, Fitzroy 3065, Victoria. *The Co-operator* welcomes contributions from all sections of the co-operative movement throughout Victoria. Articles should be typed, preferably double-spaced, and should reach *The Co-operator* no later than the last Friday of the month prior to publication. Receipt of articles will be taken by the Editor as constituting permission to publish unless the contrary is specifically indicated. Typescripts will not be returned unless accompanied by a stamped self-addressed envelope. All articles submitted for publication must carry the name and address of the author. Signed articles do not necessarily represent the views of Gay Publications Co-operative. The Editor reserves the right to edit all articles prior to publication.

Editor: Adam Carr

Assistant Editor: Danny Vadasz

Design and Layout: Adam Carr

Typesetting: Correct Line Graphics Co-op Ltd

Printing: Sybylla Co-operative Press Ltd

Office Address: 87 King William St, Fitzroy 3065, Victoria.

Telephone: (03) 419 9877. (two lines).

Postal Address: PO Box 21, Carlton South 3053, Victoria.

The Co-operator will be accepting paid display advertising in future issues. Advertisers should contact Ken Allison on (03) 419 9877.

ISSN 0814-1037

Letters

Dear Editor,

I write to congratulate you and your staff on the production of issue No 1 of *The Co-operator*. The standard of layout is good and the content material is interesting. However, I do think that the cover illustration could be improved for a Co-operative journal. In my view it relates more to trade union operations than co-operative operations. Also, in my opinion, it is too backward looking. I feel we should be working towards a forward looking image.

In view of the current interest being expressed in development and the future of the co-operative sector in Victoria I would consider the time is opportune for a competition to be held to develop a logo or art form for a frontispiece being particularly relevant to the unique social and economic structure, operations and benefits of the Co-operative sector as a balance-wheel between the public and private sectors of the economy.

Perhaps this is a proposition that could be put to the Ministerial Advisory Committee on Co-operation and/or perhaps your readers might be interested in submitting ideas.

For your information the logo of this Federation is a modification of the letters "COOP" related to the infinity symbol indicating the unlimited potential for Co-operative activity in our community. In some European countries the letter "CO-OP" are used as a symbol. In Sweden the infinity sign itself is the symbol.

Very best wishes for continued successful development of this journal and may it be long-lived publication of Co-operative and popular interest.

W. W. Rawlinson,
Executive Officer
Melbourne

Dear Editor,

I was really pleased to see a copy of *The Co-operator* No 1 recently. That was, until I got to the last page. I was amazed and angered by your utterly incredible choice of graphic on the subs page (back cover). Why, but why, when you obviously had a completely open choice of graphic to go with the subs fear-off form, did you choose a misogynist one? It was particularly disappointing in light of the generally progressive politics of the contents of the journal.

I hope that you will do two things in your next issue.

1. Print an apology to women for what you have already printed and
2. make an editorial statement about future policy in this regard. Until I see this happen, I am going to withhold my support for the magazine. If it does not happen, I am prepared to put a considerable amount of time and energy into a boycott of *The Co-operator*, not only among personal friends, but also through organisations such as Men Against Sexism, and others.

I cannot anticipate what you will have to say in response, but I look forward to hearing from you.

Yours co-operatively,
for a non-sexist future,
Peter Watson

Dear Editor,

I am writing because I'm astounded at the graphic on the back page of No. 1 I'm assuming that you are unaware of the misogyny which is inherent in such imagery. There is also a part of my reaction that is very angry that people who are interested in exploring structural alternatives are not acknowledging the millions of words feminists have written

about power relationships between men and women. I would very much appreciate some real thought in connection with this matter.

Serena Everill
East Brunswick

Editor's Note.

For those readers who did not see our first issue, the graphic referred to in the above letters was a photograph of a fairground sideshow hoarding, featuring the words "The Headless Girl", which was used to make a rather weak pun ("Keep Ahead, Subscribe to The Co-operator") for our subs form. I must say I am astounded at the tone of these letters. As a homosexual, who has been involved in alternative media for ten years, I am prepared to bet that I have been involved in more arguments about sexist imagery and the politics of graphics than Ms Everill and Mr Watson put together. I believe that I have developed over that time a reasonably good political and professional judgement in this area. Obviously you can't please everybody all the time, and it is always a matter of regret to me if people are offended. But I really feel that it is excessive to call a graphic, that is guilty of no more than being mildly tasteless, "misogynist". I cannot in all honesty see how this photograph, which was taken by a feminist in Sydney for use in our co-operative's other publication "OutRage", can be construed as "expressing fear of hatred of women". I think it's a great pity that people with a commitment to sexual politics should waste their time tilting at windmills and working themselves into a lather over trivia this way, when there are real misogynists out there in the real world to deal with. And I do not issue apologies under threat, Mr Watson.

Adam Carr

News

CDP: What Next?

It will come as no surprise to many readers of *The Co-operator* to learn that there is a great deal of uncertainty and doubt in this state about the future of the worker co-operative movement, and the future of the Victorian Government's commitment to it. Many people, both those working in co-operatives and those working in government, are apprehensive and uncertain as to where the movement is going and what the future level of commitment will be.

The Co-operator has spent a good deal of time and effort over the past month trying to get some answers to some of these questions, and our limited success in doing so is the main reason that this issue is as late as it is.

The Co-operative Development Program (CDP) has been the main channel of government support for worker co-operatives in this state, which has given financial and logistical support to about 20 co-operatives since its inception. This program was established by the then Liberal Government's Minister for Employment and Training, Mr Brian Dixon, in April 1981. Since the election of the ALP Government in April 1982, the current Minister, Mr Jim Simmonds, has been responsible for the program, and has given it his active support. For two years in succession, in 1982/83, and 1983/84, the Minister has directed the Ministry to re-allocate extra funds to the Program, above the funds allocated to it in the Budgets for those years.

The Ministry of Employment and Training (MEAT) has provided influential support on behalf of worker co-operatives in the Ministerial Advisory Committee on Co-operation (MACC). This committee was established early in 1984 by the Minister for Housing, Mr Ian Cathie, whose department administers the Co-operation Act. MACC has a brief to review the Co-operation Act and the existing mechanisms for the development of co-operatives.

MEAT has provided approximately \$150,000 for MACC activities — funding a co-operative conference, a co-operative education study, a worker co-operative workshop and three co-operative research studies.

The Minister has made a three-day-a-week staffing commitment to MACC, primarily through the services of the CDP Co-ordinator, Mr David Griffiths. As a member of the committee itself, Mr Griffiths was the main author of the MACC information paper, *The Development of the Co-operative Movement in Victoria*, and he will also co-author the Committee's interim and final reports.

However, recent developments have placed the viability, and indeed the survival, of CDP in jeopardy, and this could have severe consequences for a number of co-operatives that are dependent on

the continuation of the Program for their continued progress towards financial independence.

These developments include restraints imposed by the recent state Budget, staffing changes, and the shifting priorities of the Ministry's senior management, many of whom have never supported, or even fully understood, the Program.

The immediate staffing problem results from the promotion of Mr Griffiths, who is being consequently redeployed to the Affirmative Employment Program, (a new program which focusses on inequalities in the labor market). It is not known at this stage whether Mr Griffiths will have a continuing role in CDP or not.

Further, an exempt officer in the CDP Unit, Mr Leigh Holloway, has had his services terminated. No replacement for Mr Holloway has been provided. This move perpetuates a pattern of staffing instability in the CDP Unit. Since its inception the Unit has had eight exempt or permanent staff. After the departure of Mr Griffiths and Mr Holloway the sole survivor of the Unit's current staff will be Ms Monica Fawcett. Ms Fawcett is a committed officer, and it is greatly to be hoped that her services will be retained in the Program.

At the time of going to press, no decisions had been taken on the future of the CDP Unit's staffing; either in relation to numbers or to personnel. Over the three years of the Program's operation staff numbers have fluctuated between two and four.

In fact, anybody who works in a co-operative that has had dealings with CDP knows that the Unit is understaffed even as it is. The long delays (up to eight months in one case) in processing applications and paperwork, which have often led co-operatives to experience severe cash crises and other problems, are familiar to most of those who have dealt with the Program. These difficulties have *not* been the fault of the Unit's current staff, but arise from understaffing and under-resourcing.

The co-operative program is based in the Ministry's Employment Division. This Division services the Commonwealth Government's \$116m per annum Community Employment Program (CEP) and is developing two new state Government programs, the Affirmative Employment Program (AEP) and the Employment Development Program (EDP). EDP is similar to CDP in that it is a long-term job creation program. However it differs in that it is intended to focus on private, municipal and community enterprise projects.

Up until now, CDP has remained a discrete and separate program, because of the acknowledged specialisation and complexity of co-operative development. MACC's information paper has rightly argued: "Indiscriminate enterprise programs which do not distinguish between co-operatives, community business ventures and municipal enterprises should be avoided. The objectives, organisational structures and work modes of these

Continued on next page

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approaches are qualitatively different".

Whether or not a decision is made to appoint a new CDP Co-ordinator, there is no available suitable officer with the necessary co-operative experience, skills and commitment. If the position is advertised, it is to be hoped that the Ministry will appoint a person with co-operative experience, skills and expertise, rather than a person with generalised administrative skills but no commitment to co-operative development. If the latter were to occur, the Program could find itself increasingly subject to the dictates of senior officers of the Department, with wide responsibilities and no particular interest in the development of co-operatives in general or worker co-operatives in particular.

These problems must lead us to ask why the Ministry, which has pioneered the development of co-operatives in Victoria, now seems prepared to take actions that could undermine what it has achieved and weaken its own credibility.

In its ten-year economic strategy document, *Victoria: The Next Step*, the Victorian Government stated that it would "continue to support the establishment of worker co-operatives subject to their capacity to achieve economic viability, their commitment to co-operative principles and industrial democracy, and meeting award wages and conditions."

In June 1984 the Trans-National Co-operative and Labor Resource Centre report, *Worker Co-operatives in NSW and Victoria*, warned that "the

particular needs of worker co-operatives would be best supported by maintenance of a constant level of staffing and ensuring continuity of staff to enable a degree of expertise to be developed."

This is a critical period in the development of the co-operative movement. MACC is currently determining the future development of co-operatives in Victoria. The CDP Unit has been organising a comprehensive series of co-operative information pamphlets and case studies. The first conversion co-operative has been funded. A series of regionally-based conversion co-operative workshops are to be organised. By June 1985, over \$3m of public funds will have been made available for co-operative development.

In the light of these developments, it must be said that the timing of the staffing and organisational steps taken or projected by the Ministry is inappropriate. What has been achieved over three years may be seriously threatened. If the Ministry is to maintain its role in the development of co-operatives in Victoria, then the following priorities must be recognised:

- The continuation of CDP separate from other MEAT programs.
- A minimum staffing level of three in the CDP Unit.
- The appointment of a CDP Co-ordinator with co-operative experience, skills and commitment.
- The retention of the services of Mr Griffiths in some capacity related to the continued development of co-operatives.

The Co-operator

The Budget Revisited

As I sit with pen poised, I'm desperately trying to absorb the varied, conflicting and sometimes desperate commentary on the 1984 federal Budget. I'm left distinctly with the feeling that between all the pundits, analysts and so-called experts and commentators in the arena, nobody has any idea whether the Budget was good, bad or otherwise. Comments range from a "socialist Budget" which "slugs the productive sector of the economy" to a "wise Budget both in an economic and political sense", and both these from Liberal ex-Treasurers and ex-Prime Ministers. How can the rest of us hope to agree?

In general, the 1984 Budget attempts to be a stimulator to the middle ground, medium income earners, and business. Particularly, the retail sector should get a real shot in the arm from those "awesome" \$7.60 per week average tax cuts. These

were made possible by the progressive taxation base, which increases exponentially with increasing thresholds of gross income, earned by those in Australia fortunate enough to have jobs. The push generating the growth in the average Australian income is largely as a result of inflation. As a result, tax receipts this year will increase by 23%. This, it is hoped, will act as a stimulator to the retail sector. Employment should also increase and indeed is expected to in the Budget, thus reducing government payments and assisting in the long-awaited recovery.

In spite of the tax cuts, the Budget deficit is projected to decrease this fiscal year by \$1.3 billion. So how do you keep your cake and eat it too? That is, how can we be so generous and still cut back spending? The answer is simple. Forget all new initiatives, commitments and promises and do nothing for the needy.

Well, what has this got to do with co-operatives? I suppose it should be stressed that there are two issues here. One issue is: what specific allocations affect the co-operative programs? The more general question is: what effect does the Budget generally have on the co-operative sector, along with the rest of the economy?

As most of the present direct funding for the worker co-operative movement is small and generated specifically at State level, the direct effects of the federal Budget are small. However, there are one or two areas of interest. One area in particular has seen a substantial increase in funding from \$200,000 to in excess of \$1 million for research and experimentation in the fields of industrial democracy and worker participation. While this money is in no way "earmarked" specifically for the worker co-operative movement, the potential certainly

exists for funding to be indirectly allocated to worthwhile programs by individuals and co-operatives.

In the more general sense the Budget has various thrusts beyond those already mentioned: growth in employment and thus growth in demand, growth in the business sector through these various initiatives, and a reduction in the rate of inflation.

These developments would need to take place, for the government's prices and income policy, centered on the Accord, to be acceptable to the unions and to the capital sector. This, we would all agree, is essential so that, through moderation, health is ensured to business, allowing it to plough its profits back into expansion.

Overall, there is some reason for cheering in the business sector, and thus perhaps in the markets in which the worker co-operative movement also exists. However, there is little direct encouragement. We wait with baited breath for next year.

Ivan Katz

Wheeler Thompson Club

Captains of capitalism have the Adam Smith Club, now co-operators have their very own club - the Wheeler Thompson Club.

To be an effective political force, a social movement must be able to draw upon a rich theoretical and practical tradition. No better illustration of this is the work being carried out by feminist historians such as Dale Spender and Sheila Rowbotham, who are reinstating "lost" feminist theorists of the past in the mainstream of progressive and radical thought.

Anna Wheeler and William Thompson played an important part in the radical origins of co-operativism in the 1820s and 1830s. They and other early co-operators are to be reintroduced at the inaugural dinner

of the Wheeler Thompson Club on the evening of Monday, October 15th. Cost of the dinner is \$17.50 per head and tickets can be obtained from Tony Miller by ringing 529 4011.

The Wheeler Thompson Club is to form a meeting place for those interested in the discussion of ideas and the creation of links across the co-operative movement.

If you are interested to learn a little more about Wheeler and Thompson, read the accompanying article.

HISTORICAL ROOTS

The historical roots of co-operation go right back to the years of economic anarchy which prevailed at the outset of the industrial revolution.

As well as being a response to the dislocations of industrialisation, co-operation build upon the tradition of community and mutual aid which had been the historical reality of the working class and village life in England.

Prior to the co-operative movement's suppression by the Establishment and co-option by the middle class in the 1850s, many of its leading lights played a key

part in the development of radical and socialist theory.

Two of those key players were William Thompson and Anna Wheeler.

The man who first coined the concept of "surplus value", Thompson came round to the view that the best means by which workers could escape subsistence wages, and control what was theirs by right, was through the formation of industrial co-operatives. He and the other Owenite Socialists of the time, saw the future as one where the workers, through their co-operatives, became joint owners of the entire apparatus of production.

Wheeler never tired from urging women "not to leave the bitter inheritance of ignorance and slavery to their daughters", and with William Thompson co-authored in 1825, *An Appeal of One Half of the Human Race, Women, Against the Pretensions of the Other Half, Men*.

We need to rediscover and reclaim our origins. They are the heritage of any social movement and they speak to the present with the lessons of the past.

M.F. George

WORKER COOPERATIVE WORKSHOP

On Sunday, October 14th, the Working Party on Worker Co-operatives will be holding a one day workshop on worker co-operatives at the Mechanics' Institute in Sydney Road, Brunswick.

The workshop will seek to involve worker/members of existing worker co-operatives and other groups interested in establishing or converting into worker co-operatives as well as others who simply wish to learn about them.

The workshop will commence at 10.30 and finish at around 5.30, with lunch and afternoon tea being provided.

The workshop will be opened by the Minister for Employment and Training, Mr Jim Simmonds, who will be making a statement on Government support for worker co-operatives.

Issues facing worker co-op-

eratives, such as industrial democracy equity, trade unions, occupational health and safety, new technology and model rules, will take up the first part of the programme, while the afternoon will be given over to discussion groups made up of different co-ops to exchange experiences and views. The final session will be concerned with resourcing worker co-ops and the roles of co-operative education, co-operative business planning and financing.

The Working Party on Worker Co-operatives is one of a number of working parties established by the Ministerial Advisory Committee on Co-operation in July this year to consider the issues facing the co-operative movement in Victoria.

Membership is made up of representatives of worker co-operative Registry and the Credit Co-operative Association. There are ten worker co-ops which are members of the Working Party.

Jim Asker

Industrial Democracy: Breakthrough or Blancmange?

It was a grand affair, almost a momentous occasion. Several hundred of Australia's leading captains of industry, public servants of politicians gathered on the 17th August at Melbourne's Hilton Hotel, to hear what the country was going to get instead of the rampant socialism it had risked by voting for five Labor governments. And the federal government, keen to show its commitment to the dregs of its socialist conscience, was there in force.

Besides having a distinguished panel of speakers, a sprinkling of State and Federal MPs, and the Federal Minister for Employment and Industrial Relations (Ralph Willis), who presided as chair, the conference was opened by the Prime Minister, the Hon R J Hawke.

Interest centred on the Prime Minister's opening speech, but those who had come expecting the unveiling of a grand plan were greeted instead by a soufflé of political placebos. Mr Hawke recalled the pre-renaissance days of Fraserism and the new dawn brought by the Economic Summit. "The Spirit of the Summit", he reminded us, had been "translated into practice, and had become a habit". Quoting statistics on growth rates, inflation, unemployment, and industrial disputes, the PM heralded the fruits of consensus as the result of the application of industrial democracy principles which "have worked for Australia's largest business, the economy".

Using such familiar catch phrases as "enlightened self interest", the PM addressed the need for a "consensus" planned future ("not planning in the throttling sense of Eastern bloc dictatorships") and suggested that "the interests of business and the trade union movement are not mutually antagonistic". These goals were achievable by voluntary co-operation which required the four elements fundamental to the principle of industrial

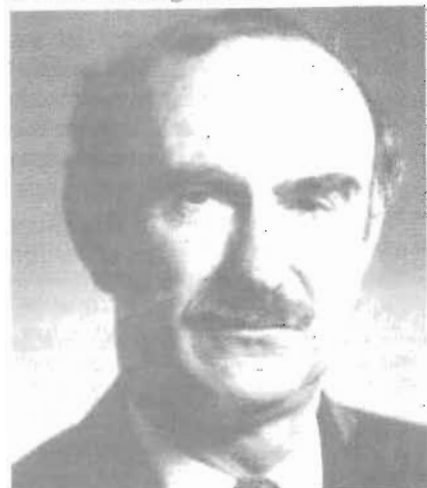
democracy. These were; volunteerism, information sharing, involvement in discussion of future paths, and decision by consensus.



● Mr Ralph Willis MHR

Chairperson Willis addressed the question of what the government actually intended to do about it. Apart from announcing the publication of *Guidelines on Information Sharing*, this amounted to the introduction of "facilitative legislation" as well as the introduction of requirements that government departments establish Industrial Democracy plans in conjunction with unions.

It was left to the various keynote speakers, and panel members, to deal with the hornet's nest of issues beneath this proposed historic alliance of workers and management.



● Mr Bryan Noakes

The frailty of such an alliance was quickly demonstrated by opening speaker Bryan Noakes, Director General of the Confederation of Australian Industry, Industrial Council. Noakes began by calling for a change in terminology, suggesting that the phrase Industrial Democracy has political overtones and was not favoured by employers. He spoke of the "fear of owners of radical change abrogating ownership and property rights". Employers rejected the implication that Industrial Democracy was analogous to political democracy and would "mistrust those who advocate it". He concluded that any program of employee participation should not impede management decision making, as management could not be expected to abdicate in favour of employees or trade unions, or to accept social change which would disadvantage them. "Advocacy of political theories of Industrial Democracy" he warned, "will impede acceptance of employee participation".



● Mr Bill Kelty

Hardly an auspicious beginning to a bipartisan dialogue. It took ACTU secretary Bill Kelty, himself the architect of the much vaunted Accord, to re-establish a moderate perspective. "Some of you may think what I am saying is revolutionary", he suggested. "This would be the first time in history that a revolution started at a Hilton Hotel".

Continued on page 19

Common Equity Rental Co-ops

Since the mid 1950s, successive Australian governments have pursued what can only be described as a "full home-ownership policy" directing massive subsidies towards home buyers and ignoring all other housing strategies.

A recently released Ministry of Housing discussion paper seeks to redress this imbalance by suggesting the formation of a new housing tenure whereby community-based groups would register as co-operatives and collectively manage and own housing they either purchased or constructed themselves.

The failure to pursue alternative housing strategies in the past has led to the tying up of the greater proportion of most ordinary Australian capital in the purchase and maintenance of a home; mushrooming mortgage indebtedness as speculation in housing pushes up prices; and appalling housing conditions for those who cannot afford the high costs associated with home ownership.

In particular, the past failure of governments to build up a large pool of public rental housing has forced over 80% of non-home-owners into the clutches of private landlords. The Poverty Inquiry found that housing-related poverty was concentrated in the private rental sector. In 1980, 25% of all private renters (ie 236,000 households) had incomes of less than 85% of average weekly earnings, and were paying more than 20% of their income in rent.

The Ministry discussion paper, *Common Equity Rental Co-operatives — A Draft Strategy for their Implementation in Victoria*, suggests creating a community housing sector based on non-profit rental co-operatives as a method of bridging the gulf between the powerlessness of the private tenant and the rugged individualism required of the home owner.

This strategy is already being

pursued with great success in Canada and most Western European countries. In the Ministry of Housing paper, it is recommended that we follow in their footsteps with modifications to adapt the concept to Australian conditions.



The key strategies would be to make legislative changes which enabled community-based groups to raise private sector finance and register as rental co-operatives outside Ministry of Housing guidelines. The use of a co-operative structure would enable groups of up to 20 households to own their houses in common and ensure they were managed in a democratic manner.

The Canadian experience has demonstrated that in the ten years since comparable legislation was introduced to provide access to private sector finance, 900 common equity rental co-operatives have been established, housing some 33,000 people.

The model under consideration for Victoria could include the following characteristics:—

- capital to be raised by a government appointed Community Housing Trust through letting out capital indexed bonds or other securities, as well as through direct contact with financial institutions such as banks and building societies;
- the Trust could provide low start or capital indexed loans to groups wanting to set up co-operatives. This would minimise the initial subsidy compared to traditional loan structures;
- any subsidies would be made available in proportion to the amount of Housing Ministry-eligible members within a co-operative. It is, however, considered desirable that co-operatives have a mix of middle and low income members to avoid stigmatisation and to provide a third, alternative tenure choice to home ownership and renting;
- specifically set up resourcing co-operatives which would work up submissions with core groups who wanted to establish co-operatives, run management training courses for members of co-operatives, and carry out all specialist functions, e.g. purchasing/architectural services;
- common equity co-operatives would have no employee or office, thus keeping administrative costs to a minimum and enabling the co-operative to be financially viable with only a small number of units. It is proposed that co-operatives range in size between seven and 20 units.

Seeding funds for piloting common equity rental co-operatives, starting in 1985, could come out of the new Local and Community Housing Program, announced in the Federal Budget. Victoria's allocation under this program this year is \$1.9 million.

Finally, it needs to be emphasised that the paper only sets out a draft strategy. Before any decision is made to implement the proposals outlined in the paper, the Ministry of Housing is committed to consulting with community housing groups and the housing industry over the next two months. Copies of the paper are available to those interested from the Ministry of Housing by ringing Gib Wettenhall on 669-1771.

Co-op of the Month

"The Attitude of the People Involved Has Changed Dramatically"

This month, *The Co-operator* went to Sebastopol, near Ballarat, to talk to members of Victoria's newest co-operative, Glassglow. Formerly a struggling small business run on traditional lines, Glassglow, with assistance from the Victorian Government's Co-operative Development Program, has now converted to a co-operative form of management. The co-operative, which produces fibreglass products for the transport and other industries, is now run by its former employees. *The Co-operator's* Danny Vadasz spoke to the co-op's new owners, and interviewed Bob Cayzer, formerly a partner in the business, and now a manager of the co-op.

How did Glassglow become established?

It was set up as a company, to start with, with two major shareholders, and it was run as a company for a period of six years.

When was that?

It started in February 1977, and it was basically a very small jobbing shop for fibreglass products, repairs and that type of thing. Nothing to do with the transport industry in those days. I got involved in the company in 1980, after leaving Freightier Industries as their supply manager and coming over here to develop the products that would suit the transport industry.

To do so we had to develop other types of panels to suit other manufacturers' types of products. We had to start working to drawings and design criteria of people like Fruehauf and, at the time, a company called Aluferrous, and to the smaller body-builders.

In October of last year, the partner and myself who were in control of the company felt we should involve the employees in some shape or form in the company, either as shareholders or whatever, at that point in time not considering a co-operative approach. We were still thinking as company directors, but feeling that the success or otherwise of the company could be enhanced by involving the employees in a participatory role.

How many employees are there?

We had at that point about four full-time employees. As a result of discussions with the employees, it sort of popped out the blue, well, why don't we consider turning the company into a co-operative? We didn't really know what we were letting ourselves in for. We got the services of David Griffiths and Monica Fawcett, and the local member of parliament, and just sat down around a table and banded around the thoughts of what would be involved in becoming a co-operative. Alistair Pirie, who is a partner in the business, and myself, were at the

end of our resources as individuals to realise the potential of the company with its products and its people.

So I suppose you could say we saw this as a way to fulfill two aims. One was to involve the employees by becoming a co-operative, and perhaps to be given the opportunity to expand our facilities and realise the potential that we have by getting some funding. It wasn't a case of becoming a co-operative purely to get the funding. I think the co-operative principles and the desire to involve everybody in the running of the business were uppermost, and that would have happened irrespective of whether we'd got the funding or not. Of course it would have happened in a much less favourable situation.

It would have been a struggle.

It's still a struggle right now, because we haven't received all the funding that we would have like to have got, but we've got, I believe, fair treatment by the Ministry to get ourselves into gear and build the business up from this point on.

Are you at the moment a co-operative?

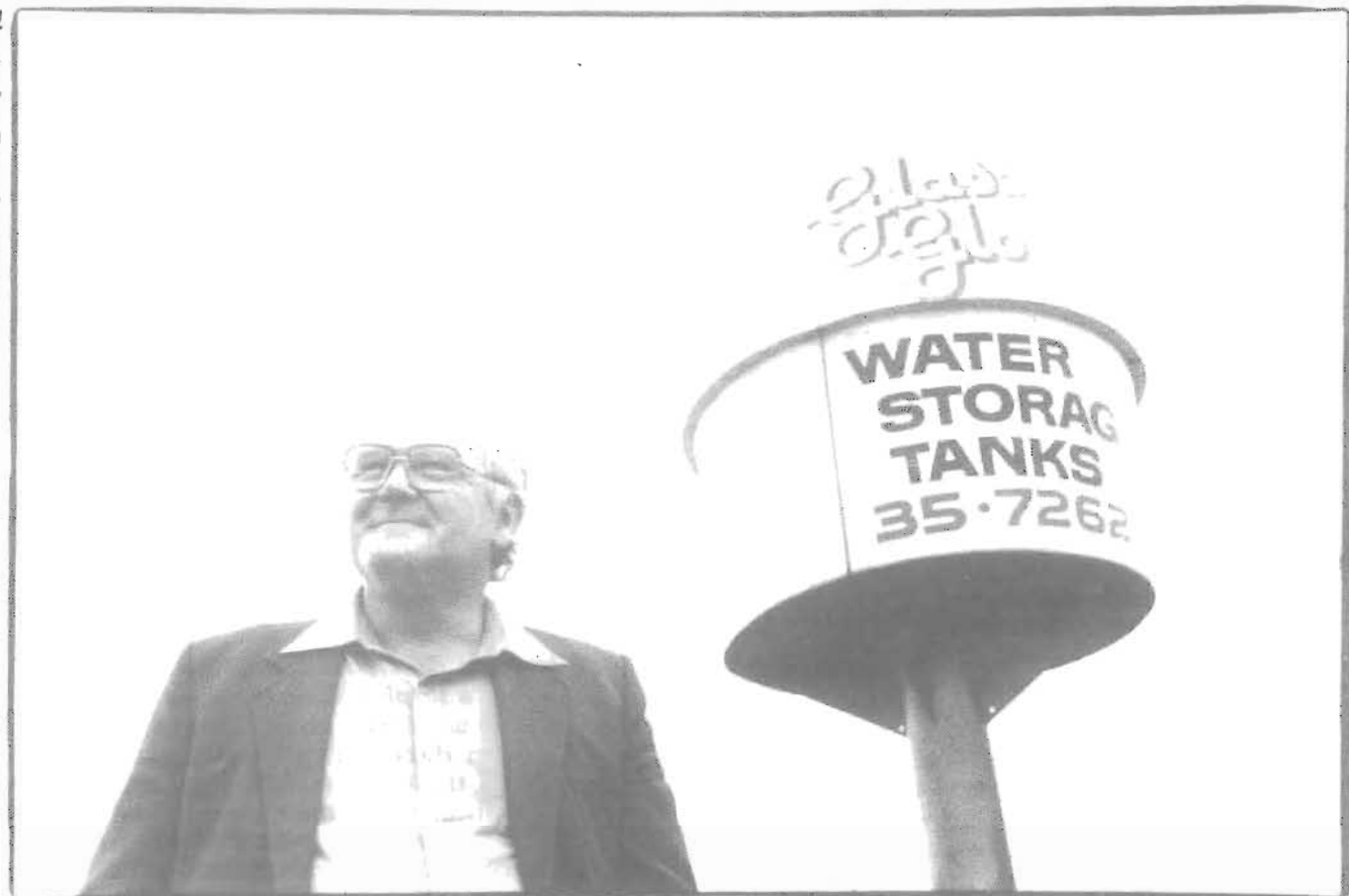
Yes, it was registered on the first of September.

How has that changed things?

It's changed since October, actually, in the many, many hours that have been put in by everybody concerned in the consideration of how the co-operative was to operate: the drafting of the rules, trying to sort out what the Act was talking about and how it would apply to our position, our operation here. But right from that point, back in October I think, when people realised that it was an opportunity to become a co-operative, it became evident right from the start that people were anxious and willing to make a success of it.

Was everybody happy about that change?

Oh yes, there were no dissenters at all. We started, as I say, spending many hours in the first two or



● Mr Bill Cayzer outside the Glassglow works

three months of this year, the Ministry funded the Ballarat College of Advanced Education business studies people to carry out the initial financial analysis of where we were at that point in time. And we set to to develop a business plan and, in conjunction with the BCAE people, to develop sales forecasts and expense forecasts and all the rest of it. We had a certain amount of history to go on because it was an up-and-running company. We already had things like what we could reasonably expect to be a gross profit margin, or what our material costs or our labor costs ought to be for every dollar that we turned over.

So by about the end of March or thereabouts we had a business plan and forecast of sales and the like to put to the Ministry, and it was submitted about the middle of April. But in the course of that time, we were already starting to work to some extent within the framework of a co-operative. We felt that the co-operative formation was fairly imminent, at that stage we were thinking that the whole thing could have been wrapped up by about the middle or end of May.

So the management of the company, which is myself and Alistair Pirie, obviously wanted to involve the people concerned in the factory in the decisions that had to be made even at that stage, about equipment requirements and about how we went about our work, even before we were formed into a co-operative. We had our formation meeting back in July, and we appointed our Board and secretary.

How has the Board been set up?

The Board consists of five people. Three are factory people, with Alistair Pirie and myself making five.

And who are the shareholders?

The shareholders are the same five plus two other workers, so it's a totally worker-owned co-operative, with each shareholder holding 500 \$1 shares. So the people employed by the business have total control of it. We have directors meetings weekly, with occasional quick sessions if something has to be looked at during the week. Despite the Ministry's requirement that they be held during working hours, we are at the moment still holding them out of hours; we start them at 4 o'clock. This is because we have a very tight schedule requirement to get stuff out the door, with this type of business at this point in time, we are not able to take all the people who are necessary to have a directors' meeting away from the workforce. It just won't work.

Have you found any other strains similar to that in becoming a co-operative?

It's been relatively smooth, I think, except of course the strain of not knowing when the heck the Ministry would come through with the funds.

We all live under that cloud!

Well right now today, we still haven't got our initial cheque from them. It's a daily hassle to see if they can find out where the heck it is in the system. But we'll learn to beat that by getting in

Continued on next page



Continued from previous page

ahead of time next time with the next claim for the next injection of funds.

Can you summarise what are the main differences between the business as it was a year ago, and now?

From where I sit I'd say it has to be the attitude of the people concerned. It's changed dramatically, from an eight-hour day that has to be put in, simply to be able to get a wage packet, to a real energetic-type interest in the day-to-day operation; the scheduling of the work through the factory, the quality of what we're turning out, the distinct interest in whether we've got orders for next week or not. It's a little early for us to have got all our systems into place that we wish to have, but as part of our monthly general meeting of course we're putting up our financial position and order-book position. It's all to be displayed for everybody to consider and comment on and make suggestions about etc.

Any thoughts on expansion, or increasing employment?

The sales forecast is based on what we know of the industry and what we believe we can achieve in the way of penetration within the industry. It's also based on having the capacity to do the work, in terms of size of the factory and layout of the factory, but the other thing it requires is an increase from a workforce at the moment of nine, to fifteen I think within a six to eight month period, and probably to about 20 within an 18 month period. But that does involve a further, a second expansion, planned for about 18 months' time, to give us even more space.

We've got an education and training program basically mapped out but not to the point where I can say so-and-so is going to attend such-and-such course next week. We know what we want to be trained in, each one of us in the various areas. We've got a working conjunction with the BCAE and with the ministry to find the various areas that are going to be of assistance to us in the various sorts of training. We all need training in the ways co-

operatives work and the ways in which they can work.

If the business does boom ahead now, and begins to operate at a surplus, does the co-operative have any idea as to what they would do with it?

Yes, it's been discussed, not perhaps to the nth degree, but I think the members are looking forward to a dividend on their share-holding at the end of the twelve-month period. Also, depending on the profitability, a plough-back of a certain percentage of the funds that are available for distribution and a putting aside of certain funds to meet the commitments that will start to loom in three years when we have to start paying back interest and principal to the ministry. But I think everybody's going to be looking hopefully for some additional surplus for distribution, whether it be \$500 each or \$1,000 each. According to our forecasts, if sales go the way they should and our efficiency improves and all the rest of it, there should be a reasonable dollar distribution, perhaps a couple of thousand a member.

As a person who used to be an employer, have you found the transition to being one of a group personally difficult?

No, not at all. I've always been an admirer of the co-operative way of doing things. I've been a member of co-operative of a community credit co-operative type, so it hasn't been completely new to me. Over the years here as the manager of the company I've endeavoured to involve the people in it wherever it's been practical. Obviously, when the decision has to be made, in the company situation, it's made with the financial constraints appropriate at the time and it's still the manager's decision and his responsibility. But wherever practical decisions have been made with the involvement of the people concerned.

So it's been a fairly smooth transition to involving people in the financial decisions that are involved in running the co-operative. We're a pretty small crew, we know each other pretty well, we work together very well, so it hasn't been a difficult thing at all.

Discussion

MACC: Registrar Replies

I was pleased with the appearance of *The Co-operator* journal which I am sure will provide a forum and focus for a wide exchange of views across the co-operative movement.

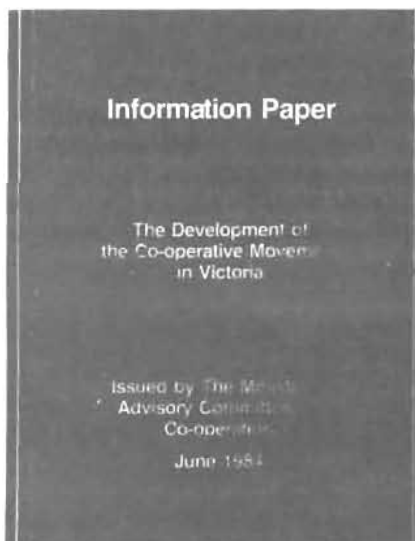
Your editorial highlighted the emergence of a new style of co-operative in Australia in the light of critical issues including housing and unemployment. As a response to changing circumstances and needs in society, the new types of co-operative can obviously make a major contribution to the direction of the co-operative movement.

It is also apparent, however, that the traditional style co-operatives, for example, producer, trading and consumer co-operatives, will continue to provide service and support to their members. This will be in a context of revitalised legislation aimed at facilitating and stimulating the co-operative movement as a dynamic sector with an enormous potential for growth in the interests of the co-operative community at large.

Some contributors to your first issue drew attention to the MACC (Ministerial Advisory Committee on Co-operation) Review of the Co-operation Act. In particular, the Employ Publishing Group (page 16) raised a number of questions as to the direction of the MACC Review and opportunities for contributing to it. Other articles, including the MACC Report (page 8), provided further information and some answers in relation to Working Party arrangements and contacts.

I note the criticism of the MACC Information Paper raised by the Employ Publishing Group and the suggestion that the Transnational/Labour Resource Report, entitled *Worker Co-operatives in New South Wales*

and Victoria, provides a clearer summary of the issues. While I welcome the Worker Co-operative Report as contributing to the co-operative debate, I would point out that the MACC Information Paper addresses co-operative development in its broader context and is not restricted only to worker co-operatives.



There is one area of the Worker Co-operative Report to which I would like to refer. Among its recommendations in the area of a legal and taxation framework, it recommends that the international principles of co-operation should be given statutory force in relation to worker co-operatives.

Exactly the same sentiments have been expressed at recent working party meetings of producers and trading co-operatives.

What these attitudes acknowledge is the commonality with both the traditional style co-operatives and emerging co-operatives of the need to give legislative recognition to the six international co-operative principles.

Another major point to emerge from the consultation to date is the need for vastly improved co-

operative education. Three areas are identified: first, within the co-operative movement itself, particularly with office bearers; second, the principles of co-operation should be addressed within secondary school curricula; third, co-operative education and information directed at the general public.

I would also like to mention arrangements regarding the working parties. Public consultation is already under way in the areas of producer, consumer and worker co-operatives; for community service co-operatives, consultation will take place through October. Contacts for anyone wishing to be involved are David Griffiths (Ministry of Employment and Training) Worker Co-ops., 658-6143; Gib Wettenhall (Ministry of Housing) Consumer Co-ops., 699-1771; Paul Goldstone (Ministry of Housing) Producer and Community Service Co-ops., 669-1715.

The public consultation process is scheduled to finish by the end of October and a draft report should be ready for information and comment in November.

I hope this information will make it possible for everyone who wishes to have an input to the consultative process to do so. The broadest consultation gives the best chance for new arrangements and legislation to promote the co-operative sector and its benefits as a legitimate part of the Australian economy and society.

Bill Kilpatrick
Registrar of Co-operative
Societies

(Copies of the MACC Information Paper on Co-operation are available from Maureen Hopper, MACC Secretary, Level 21, Myer House, 250 Elizabeth Street, Melbourne 3000, phone 669-1100).

The Tax-Person Cometh; Even to Co-ops

In Australia, co-operatives are governed for taxation purposes by Division 9 of the Income Tax Assessment Act. This section was enacted in 1936, at a time when the co-operative sector in Australia consisted largely of traditional producer and marketing co-operatives. Under this Division, section 117 defines a "co-operative company" as being:

"A company, not being a friendly society dispensary, the rules of which limit the number of shares which may be held by, or by and on behalf of, any one shareholder, and prohibit the quotation of the shares for sale or purchase at any stock exchange or in any other public manner whatever, and includes a company, not being a friendly society dispensary, which has no share capital, and which in either case is established for the purpose of carrying on any business having as its primary object or objects one or more of the following:-

- (a) the acquisition of commodities or animals for disposal or distribution among its shareholders;
- (b) the acquisition of commodities or animals from its shareholders for disposal or distribution;
- (c) the storage, marketing, packing or processing of commodities of its shareholders;
- (d) the rendering of services to its shareholders;
- (e) the obtaining of funds from its shareholders for the purpose of making loans to its shareholders to enable them to acquire land or buildings to be used for the purpose of residence or of residence and business."

What does all this mean? It means that so far as the taxation department is concerned, the word co-operative applies only to the traditional rural or credit co-operatives, which are in the business of providing goods and/or services for their members. This means that many of the newer forms of co-operative business set up in the years since the enacting of the section quoted above do not meet this definition, although some, such as food co-operatives, may find that they do so.

In addition to having to comply with this definition, a business will not be deemed to be a co-operative for taxation purposes in any year in which less than 90% of its business is done with its own members. This requirement is set out in section 118 of the Act:

"If, in the ordinary course of business of a company in the year of income, the value of commodities and animals disposed of to, or acquired from, its shareholders by the company, or the amount of its receipts from the storage, marketing, packing or processing of commodities of its shareholders, or from the rendering of services to them, or the amount lent by it to them, is less respectively than 90% of the total value of commodities and animals disposed of or acquired by the company, or of its receipts from the storage, marketing, packing and processing of commodities, or from the rendering

of services, or of the total amount lent by it, that company shall in respect of that year be deemed not to be a co-operative company."



This section, like section 117, has the effect of severely restricting the types of enterprises that can qualify as co-operatives for taxation purposes under the Act. For the majority of the new, hybrid, worker-controlled co-operatives, which trade outside the traditional areas of acquiring and disposing of commodities for or on behalf of their members, the Act has no provision. They are therefore treated as private companies for taxation purposes, with all the limitations and penalties that this entails, and they are not entitled to the tax benefits that the Act makes available to enterprises that do meet its definition of a co-operative.

What are these benefits? Once the requirements for treatment as a "co-operative company" under

the Act have been met, a co-operative is not only entitled to claim the normal tax deductions available to any taxpayer company, but also a number of special deductions. These special deductions are set out in section 120(1) of the Act:

"So much of the assessable income of a co-operative company as —

(a) is distributed among its shareholders as rebates or bonuses based on business done by shareholders with the company;

(b) is distributed among its shareholders as interest or dividends on shares or;

(c) in the case of a company having as its primary object that specified in paragraph 117 (1) (b) - is applied by the company for or towards repayment of any moneys loaned to the company by a government of the Commonwealth or a State to enable the company to acquire assets which are required for the purpose of carrying on the business of the company or to pay that government for assets so required which the company has taken over from that government, shall be an allowable deduction;

Provided that the deduction under paragraph (c) shall not be allowed unless shares representing not less than 90% of the paid up capital of the company are held by persons who supply the company with the commodities or animals which the company requires for the purposes of its business."

In addition, section 120(2) states:

"No such rebate or bonus based on purchases made by a shareholder from the company shall be

included in his assessable income except where the price of such purchases is allowable as a deduction in ascertaining his taxable income of any year."

Another very significant advantage bestowed on co-operatives is their recognition, under section 103A(2) (b) of Division 7 of the Act, as "public companies". Under Division 7, an extra tax, over and above the 46% tax payable on taxable income, is imposed on the undistributed profits retained in any year of income by all private resident companies. This undistributed profits tax is levied at the rate of 50%, but public companies, which as defined by the Act include co-operatives, are not subject to it.

This unfortunately means that many newer co-operatives, which, as we saw above, do not meet the Act's definition of a "co-operative company", cannot benefit from this provision, and are therefore less able to retain their accumulated profits and thus invest and expand. The more traditional rural or credit co-operatives are not so restricted.

In conclusion, we can see that the taxation treatment of co-operatives in Australia is not a simple matter to determine, because not all co-operatives are treated in the same way. Many, in fact, do not meet the Act's definition of a co-operative at all. Careful attention must be given to the activities of each individual co-operative, and the appropriate tax legislation, in order to determine how a particular co-operative is to be treated for tax purposes.

Stephen Philips

The Co-operator

VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

FORUM

WORKER CO-OPERATIVES

OPENING AND INTRODUCTION

The Hon. Jim Simmonds, MLA,
Minister for Employment & Training



This forum has been sponsored by the Working Party on Worker Co-operatives, which is one of a number of working parties established by the Ministerial Advisory Committee on Co-operation (MACC). MACC was established in July of this year to consider issues facing the co-operative movement in Victoria and to advise on proposed legislative changes.

Membership of the Working Party includes representatives of worker co-operatives assisted by members of the Co-operative Development Program, the Co-operative Registry and the Credit Co-operative Association.

The forum has been organised in conjunction with *The Co-operator*, Victoria's Journal of Co-operative Affairs.

Please complete a separate form for each registrant.

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Conference registration is free, however there will be a charge for lunch on the day, and a postage/handling fee for registrants wishing to receive conference papers prior to the forum.

Please tick the appropriate box/es:

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Registrations close 8 October 1984. Return this completed form to:

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Reviews

*Food Co-operatives in Victoria
The Victorian Food Co-operative
Study Group
July 1984*

There are now approximately 50 food co-operatives operating in Victoria, in both metropolitan and country areas, committed to providing cheap, quality food and other goods to their members. Some of these co-operatives have been operating for over 20 years, while many others have only recently been established. They share the common goal of providing food for their members on a non-profit basis.

This study of food co-operative in Victoria has been produced by the Victorian Food Co-operative Study Group, and is the first systematic study of food co-ops in this state. It was written by Alison Bourne, Jane Stokes and Oenone Serle, with

support from the Ministry of Employment and Training. The impetus for the study came from the Food Co-operative Support Group, whose members were experiencing problems gaining access to information about food co-operatives.

The Support Group was formed in 1982 and grew out of an initiative of the Sharing Centre of the Brotherhood of St. Laurence. The food co-op at the Sharing Centre wished to establish regular contact with other food co-ops. The formation of the Support Group established the only central support structure for food cooperatives. Membership of the Support Group now numbers over 30 co-operatives. Its objectives include:

- the provision of practical and educational resources for food cooperatives;
- to offer a basis and structure

where information is gathered and open to every member of the Support Group;

- to share knowledge and information concerning cheap sources of food;
- to provide and share information concerning all aspects of good nutrition;
- to support the development of new food cooperative projects.

When the original submission for funding was submitted under the Ministry of Employment and Training's Employment Initiatives Programme, the major thrust was the development of concrete resources for food co-ops.

The Ministry of Employment and Training also felt that a need existed for greater knowledge about food co-ops in Victoria, and subsequently requested the incorporation of census material within the data collection process. The Ministry saw an urgent need for knowledge particularly because many groups were applying for government funds to establish food co-ops, and there was a dearth of information

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and understanding. A need for clearer policy directions was apparent.

The final submission which was funded became an incorporation of the Ministry's requirements and the needs of the Food Co-operative Support Group. It contained the Food Co-op Support Group's original warehouse feasibility study but excluded the resource centre proposal. No doubt, the Food Co-operative Support Group did not, by these changes to their initial ideas, achieve all they had hoped. However, the results of this study can only strengthen their demands for the improved provision of resources for food co-ops in Victoria.

Workplace

South Australian Department of Labor

No 1 August 1984

Workplace is a new publication from the South Australian Department of Labor, covering areas such as industrial relations, employment opportunities, job creation initiatives, workers compensation, industrial health and safety and other areas within the Department's responsibility. It also includes substantial coverage of the co-operative movement in South Australia. The first issue contains three articles on developments in the co-operative area.

Workplace is available free from Box 465 GPO Adelaide 5001 South Australia.

Worker Co-operatives in New South Wales and Victoria: A Policy Review.

Ministry of Employment and Training.
August 1984.

This report, commissioned by the NSW Minister for Youth and Community Services and Housing, Frank Walker, and the Victorian Minister for Employment and Training, Jim Simmonds, reviews the policies of the respective state governments toward worker co-operatives. Researched and prepared by the TransNational Co-operative in NSW and the Labour Resource Centre in Victoria, the report considers the employment potential of worker

co-operatives, and their relevance to government initiated industry development and industrial democracy objectives. It also considers the relationship of worker co-operatives to other employment creation schemes, to private industry, the public sector, trade unions and govern-

co-operatives outside the mainstream labour market. Furthermore, it argues that a condition of assistance be an overt commitment to the practice of industrial democracy, as well as democratic control.

One of the major contentions of this report is that the endorse-

WORKER CO-OPERATIVES IN NEW SOUTH WALES AND VICTORIA: A POLICY REVIEW

TransNational Co-operative Ltd and Labor Resource Centre

ment.

On the first question, the review finds that while worker co-operatives do have potential for employment creation and the promotion of industrial democracy, this potential is long term and can only be achieved (without the sacrifice of economic viability) if special assistance is made available. This assistance, it suggests, is required in the form of advice, training, funding, and trade union support.

In considering a definition of the term "worker co-operative", the paper points to differences between them, with their potential for democratic management, and structures such as employee-owned enterprises, where decision-making powers correlate with shareholders. In admitting that one does not guarantee the other, the paper notes the significant difference between member based democracy and democratic practices being applied to the internal structure of an enterprise. The review goes on to argue for a definition of worker co-operatives which allows for only worker membership. It claims that inclusion of community based co-operatives within the definition only serves to reinforce the development of worker

ment of the trade union movement is a necessary prerequisite to the establishment of a successful worker co-operative sector. It cites overseas experience as indicating that co-operatives have "the greatest chance of surviving as a permanent feature of the economy when they are regarded as an integral part of the labour movement". The implicit converse assertion is that a suspicious, or antagonistic, union movement will result in the infanticide of a worker co-operative movement.

The report goes to great pains to delineate potential areas of union hostility, with recommendations aimed at preempting conflict. It suggests that one area of union concern is likely to be undercutting caused by the self-exploitation of co-operatives. Multi-skilling and demarcation problems caused by over-zealous implementation of industrial democracy objectives provide another potential minefield. The dual role of co-operative members as both employees and employers, and the prospect of dispute-resolution by methods which circumvent the accepted system of arbitration and conciliation, are also matters of concern.

Continued from previous page

In fact, much of the report is given over to emphasising the importance of harmonious relationships with trade unions. It recommends that program assistance be conditional on consultation with appropriate unions and a commitment to union membership. It also recommends the involvement of unions in education, training, dispute resolution procedures and in fact all levels of any development program.

Other issues considered by the review include equity, where low levels and strict limits on individual financial gains are suggested. In arguing for a nominal level of personal equity, it cites the low membership and high financial requirements of worker co-operatives as a case against encouraging member investment as a source of funding. It also points out the potential opposition of unions to the concept of employees paying for their employment.

In advocating strict limits to individual financial gains, the report promotes the concept of reinvestment of surplus in the co-operative, in collective welfare provisions, and in a worker co-operative development fund.

On the general issue of funding, the review firstly emphasises the unsuitability of short-term job creation schemes as funding sources, pointing out that these are generally at odds with the long term viability of worker co-operatives. It suggests that governments (both state and federal) should increase current financial assistance and that they should ensure that flexible and wide ranging financing options exist. Federal funding, it suggests, should be channelled and controlled by state programs.

In relation to co-operative development, the paper argues for proactive rather than reactive support through regionalised agencies. It recommends that such agencies target specific industries and regions, in the belief that worker co-operatives have the potential to develop as significant, if initially modest, vehicles for government intervention in economic and industry development. The onus

to develop the initial infrastructure of support, development and finance, is placed firmly with government.

The review argues against the proposal that the Co-operative Federation of Victoria be endorsed as an appropriate vehicle for a co-operative development program. "The Federation" it suggests, "has shown little interest in or commitment to the promotion and development of co-operatives that embody objectives and practices identified by this review as characteristic of worker co-operatives". It implies that such objectives are likely to be "diluted" if support becomes the responsibility of an "unsympathetic" organisation.

Finally, the report acknowledges that its position places it at odds with conventional wisdom that co-operatives should retain a political neutrality. Indeed, by advocating that they should adopt a position within the broad labor movement, by advocating that they promote those issues of growing concern to the movement, and by suggesting that the development of a co-operative sector be seen as a desirable opportunity for government intervention in industrial and economic development, the

*Workplace Democracy
the Co-operative Way
Ministry of Employment and
Training
Forthcoming*

With increasing interest by both governments and the community in the potential of co-operatives as alternative forms of workplace organisation and as a source of employment growth, there is a great need for a clear guide to co-operatives and the way they work, one that is comprehensible to the uninitiated. The Ministry of Employment and Training have therefore produced two new publications to fill this gap. These will be available fairly soon.

Workplace Democracy, the Co-operative Way is a 24 page booklet setting out basic information about co-operatives in general and worker co-operatives in particular. It focusses particularly on questions such as industrial democracy, economic viability and education and training. It is accompanied by a color brochure setting out some of the same information in a more condensed form, and also serving as an introduction to the Ministry's Co-operative Development Program.

•WORKPLACE DEMOCRACY•

The Co-operative Way.

report firmly supports the notion that co-operatives can play a part in long-term social change. A threatening prospect, perhaps, to more traditional elements of the co-operative movement, but equally, an important endorsement for those who see worker co-operatives as more than another variety of short term job creation.

Danny Vadasz

These two publications will be most important resources for everybody who is involved in any way with a worker co-operative in Victoria, as well as those who hope or intend to get involved with one. It sets out in clear, easy-to-follow terms all the various stages of forming, registering, administering and working in a co-operative, as well as explaining the often complicated relationship between the co-operatives and the Co-operative Development Program.

Continued from page 9

While admitting that it had attracted little attention from the Trade Union movement, Kelty observed the fundamental truth that Industrial Democracy was about power and the sharing thereof. He was quick to placate those besieged employers referred to by Bryan Noakes, by conceding that ID "should not deny the role of organisations in fulfilling their market roles". Nevertheless, he agreed that the process "does involve a challenge to managerial preogatives". "If all this is not accepted" he warned, "Industrial Democracy will become industrial blancmange: looks sweet, little substance, and difficult to grasp."

All of this set the tone for much side-stepping throughout the day. It became increasingly obvious that managerial representatives at the conference felt alternately uneasy about possible hidden agendas, and relieved at the lack of any real substance to the government's intentions. Trade Unionists on the other hand, seemed caught be-

tween making cautious claims, and a sense of co-option. Other speakers and workshops subsequently refinded these themes.

Dr Alastair Crombie, for the Centre for Continuing Education at the ANU, proposed that Industrial Democracy begins at home and that the individual represented a "microcosm of Industrial Democracy". As analogy, he criticised current preoccupations with Occupational Health and Safety, inviting people to examine their personal fitness and lifestyle before specialising in the general field. Crombie also had problems with the terminology, suggesting that since the process was the important factor, we should be using the verb and considering the "democratisation of work".

No one seemed to notice or care, but this conference on Industrial Democracy, or whatever it was being called by the end of the day, managed to avoid any reference to co-operatives (particularly worker-controlled co-operatives) at all. By the end of it (I didn't stay for dinner, or the after dinner speech by Sir

John Moore), everyone seemed moderately satisfied, if not overly bored by rhetoric.

The Unions had asserted their rights to be included somehow, sometime, in the reshaping of industry and the economy, and the employers seemed relieved that the ominous spectre of ID had proven to be something less than the Great Flood.

Left unanswered were the ticklish questions. Such as what happens, under this historic alliance between labour and management, to those who are already disenfranchised, such as the unemployed and the retired. And does a qualified sharing of power which leaves a veto with those who currently wield authority do more than promote worker co-option? As one unionist present pointed out: "When these representative decision making committees are formed, they will still be considering how to lay off employees, and not employers".

Indeed. And it will all be democratic too.

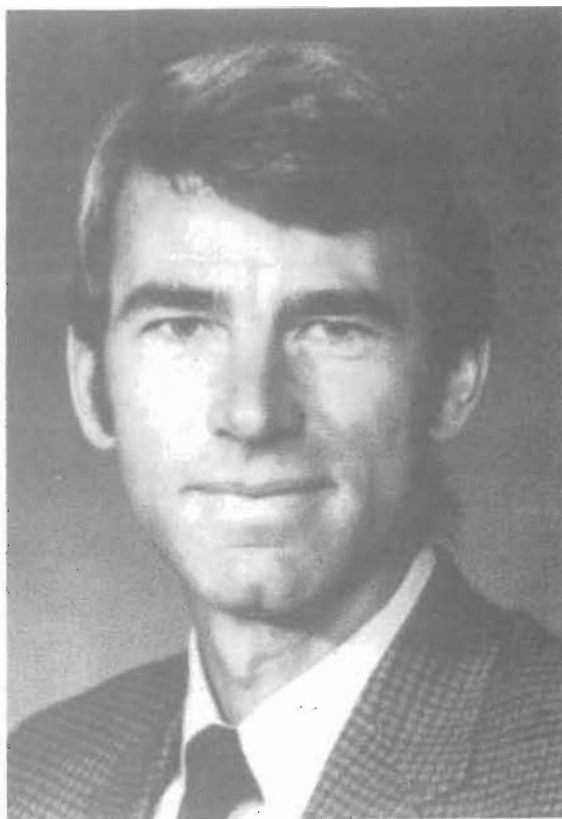
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